Minutes

Joint Legislative Committee on Mental Health, Developmental Disabilities And Substance Abuse Services
Funding Equity Work Group

Wednesday, January 23, 2002
10:00 a.m.
Room 544, Legislative Office Building

Senators Allran, Dannelly, Harris and Lucas, and Representatives Insko, Church, Earle, Gray and Nye attended the meeting. Representative Insko, Co-Chair, presided and called the meeting to order at 10:00 a.m.

Dr. Mary Fraser was recognized to present the work group charge (see Attachment 1). Senator Lucas commented that the work group would want to define the term "equitable."

Representative Insko recognized Ms. Karen Hammonds-Blanks, Fiscal Analyst, to give an overview of material presented to the Joint Legislative Committee on Mental Health, Developmental Disabilities and Substance Abuse Services on January 10, 2002 (see Attachment 2). She briefly explained the financing of the entire state mental health system. The total money spent on mental health institutions is about $556 million, or 30 percent of the system's budget. Community programs account for over $1 billion. The committee asked to look at some of the same information on a per capita basis. Ms. Hammonds-Blanks compared per capita spending of the various area programs, as well as federal block grants and Medicaid (see Attachment 2).

Ms. Hammonds-Blanks then gave an overview of a document entitled "Overview of Utilization of State MH/DD/SAS Institutions" (see Attachment 3). The important question is to what extent does the utilization of the state facilities subsidize or provide an additional allocation to area programs. Two major factors affect allocations. In some cases, where a facility is located determined the level of utilization of that facility. In other areas, the problem is under-developed community capacity.

In response to a question from Senator Allran, Ms. Hammonds-Blanks said that people are admitted into state psychiatric hospitals at no cost to the area program. The county does pay a portion of the cost if the patient is Medicaid eligible. However, this is a small portion of the state hospital population. Representative Insko commented that the issue in question is which people are served locally by area programs, and which are sent to state institutions. Area programs make this decision. She added that the use of state hospitals is inequitable in various area programs across the state. Hospitals can decline to admit patients, but it is usually done because of the patient's diagnosis, not because the patient comes from a particular area program.

Representative Earle commented that every area program could send people to the state hospital; some choose to do so more than others. Senator Lucas suggested the state hospitals should have specific guidelines to use in determining who is qualified to enter the state facility.

Mr. Don Willis, Chief of Adult Community Mental Health, Division of Mental Health, Developmental Disabilities and Substance Abuse Services (MH/DD/SAS), responded that the utilization of the hospitals across the area programs is similar to the issue of the allocation of resources. There is a huge disparity among area programs in the amount of use of state facilities, and the primary reason is the unavailability of local services. He added that the state hospitals do have specific criteria for admission.

In response to a question from Senator Allran, Mr. Willis said that some private hospitals have psychiatric beds that serve a different population, those with health insurance and whose treatment needs are probably not as acute. Availability of beds in a local general hospital does not mean beds are available to the population served by state hospitals. Ms. Hammonds-Blanks added that there is a provision in the budget that directs the Department to create an allocation formula or methodology to take into consideration capacity in a community and make the use of state hospital beds more appropriate and efficient across the state. The report is due March 1, 2002.

Dr. Fraser said the work group is to look at state dollars available to area programs. Over time, a great difference in the amount of money available to different areas has developed. State hospitals were made available to all the citizens in the state and over time a disproportionate use of that resource has developed. The more than 2,000 bed state hospital resource needs to be considered as part of the equitable allocation of resources for the state's mental health services. The number of beds per institution is listed in Attachment 3.

Senator Harris asked how many patients are turned away from state hospitals. Mr. Willis responded that some applicants for admission are turned away, but it is because of their inappropriateness for admission. By policy, the state hospitals are never full; therefore no one who is appropriate for admission is turned away. Average stays for the admission unit are about 10 days; for longer-term units, stays last for months; and in some of the geriatric units, stays last for years. Acute units are used for 5-10 day stays to stabilize people. About 70 percent of people treated in the acute units are readmitted at some later date; however, there are few who have multiple admissions during one year.

In response to a question by Senator Lucas, Mr. Willis said that the Department expects local area programs to provide acute care. At one time, the state supported 26 local inpatient units that served a large number of acute admissions; however, as state funds decreased, local inpatient facilities were deleted from the budget and acute care was taken over by state institutions. He added that the Division has established some targets for reducing the size of the hospitals and every unit in the hospitals, from acute admissions to long-term geriatric care in certified nursing facilities. However, the Division wants to make resources available to all areas to provide services to address the needs of all people

who have used the hospitals in the past. It would include resources for acute care, rehabilitation and support, and long-term specialty services for the geriatric population.

Mr. Willis went on to explain that the Division is asking each of the regions to establish planning committees to look at the kinds of services needed in order to downsize. Each area program has people in state hospitals; therefore each area program would receive a portion of the resources.

Representative Insko commented that the committee would be receiving a report at the next oversight meeting on the trust fund and a proposal for allocating the funds. She added that she wants the committee understand the Jordan-Adams Act.

Senator Dannelly asked for more information about the patients who return to state hospitals to be re-admitted within 30 days. Mr. Willis said he would provide the information at the next meeting.

Senator Allran asked if the work group is assuming that if all or some of the four state hospitals were closed and smaller ones built, money would be saved. Ms. Hammonds-Blanks responded that the current budget directs the Department of Health and Human Services to replace Dorothea Dix with a smaller, more efficient acute care hospital. The Department is moving toward replacing all four institutions, although the legislature has not yet endorsed the plan. Reasons for replacing the hospitals is that the facilities are old and difficult to maintain, they are being used inappropriately, and it will save money. Representative Insko said the disposition of the money saved by replacing the hospitals would be an agenda item at the next oversight committee meeting.

Mr. Willis spoke about the ways downsizing the hospitals would affect the current patients. A significant percentage of the 250 certified nursing home beds in the hospitals could be served in existing nursing homes. Another percentage of the patients will need a nursing facility with a special mental health capacity. Another percentage would be served at the Wilson Special Care Center. None of the people would be put in inappropriate settings. The Division has asked each of the area programs to assess the people in the hospitals now and to develop the kinds of services needed to serve them. The relocation will require not only the savings from closing the hospitals, but some additional appropriations. Representative Insko told the members of the work group that the oversight committee will receive a report from the Department on some of the plans for downsizing the state hospitals at their next meeting.

Senator Allran asked about the inappropriate use of the institutions. Ms. Hammonds-Blanks responded that two reports have cited the inappropriate use by substance abusers. Mr. Willis responded that people on drugs are presented for admission and it is difficult to know if they do or do not have an underlying mental illness until they undergo detoxification. They meet the commitment criteria upon admission, but after detoxification, they are found to be not mentally ill, so they are released. In the meantime, they have gone through the most expensive part of treatment. Representative Insko

suggested the need for local services for substance abuse patients would be a good agenda item for further discussion.

Dr. Fraser commented that a number of studies of the mental health system have shown we have more state hospital beds per capita in North Carolina than many other states. One reason is that we use state psychiatric facilities for substance abuse detoxification, while other state use different facilities. Our Alcohol and Drug Treatment Centers (ADATCs) are currently not equipped to provide detoxification services. She added that the issue is on the agenda for the February oversight committee meeting.

Ms. Tara Larson, Assistant Director of the Division of Mental Health, Developmental Disabilities and Substance Abuse Services, commented that that state plan calls for ADATCs to add beds for detoxification, thereby diverting substance abusers from state psychiatric hospitals.

Senator Lucas said there needs to be some definitive language to require local area programs to appropriately serve substance abusers with mental illnesses. If local area programs cannot assume the responsibility, the legislature needs to ensure the state's resources are available. Mr. Willis commented that there is a policy covering substance abuse that specifies the kinds of substance abusers who are appropriate for admission to state hospitals for mental health treatment as opposed to those that are appropriate for admission to the ADATCs. However, the Division has not been able to implement it.

Representative Insko said that changes will occur over the next several years. The state plan has identified target populations and determined what the roles of state facilities will be. It will be important to have the trust fund in place to provide bridge funding for the time that state facilities will be downsized until financial savings will be available for local programs.

Senator Lucas commented that the public needs to understand that the downsizing of institutions is not being done to hurt the citizens. Representative Insko replied the committee discussed focusing more on building community capacity as the primary goal. As community capacity increases, downsizing the state institutions will follow.

Ms. Flo Stein, Section Chief, Substance Abuse Services, Division of Mental Health, Developmental Disabilities and Substance Abuse Services, commented that ADATCs cannot take admissions 24 hours a day. When a combative substance abuser needs care, the area program takes them to the psychiatric hospital to be stabilized. The Division proposes ADATC facilities be made secure so the difficult patient can be cared for in the appropriate setting which will improve the overall substance abuse situation.

Ms. Hammonds-Blanks discussed Attachment 4, "History of Equity in MH/DD/SAS Funding Methodologies." One of the issues was how area programs evolved to where they are today.

Representative Insko suggested the work group discuss at a later meeting the funding for the **ICFs-MR** that are only partially state-funded because they are Medicaid facilities.

Representative Nye asked about the use of the Wilson Special Care Center by Wake County. Mr. Willis responded that it is a center set up to accept referrals from state psychiatric hospitals only. Although Cherry, Umstead and Broughton currently have certified nursing facility beds, Dorothea Dix does not. If patients at Dix require certified nursing care, and there is no community placement available, they are taken to Wilson Special Care Center. Since Wake County makes extensive use of Dix, Wake would therefore make extensive use of the Wilson Special Care Center.

Representative Insko asked if the current method of allocating available funds is a problem. Ms. Hammonds-Blanks responded that it could be a problem, however, the Department has issued RFPs with targeted populations and geographic areas in mind. Although it has not gone out on a per capita basis, it has followed the perceived need.

Representative Church asked if the Secretary of HHS has the authority to allocate funds to a certain area and then reallocate it to another area that might need it more. Ms. Hammonds-Blanks responded that that is correct, although it does not usually occur. The perception is that funds are not adequate to meet all the needs across the state. Usually it is the court-mandated programs such as Willie M and Thomas S that receive reallocated funds. The total dollars are not adequate to provide for the operations in place today and the Secretary does not reallocate money that area programs have been getting for many years. Representative Insko commented it is difficult for the Secretary to take money away from any area program because none of the area programs have enough money to meet all their needs.

Ms. Larson stated that the Secretary does have the authority to decide on the allocations process. The use of the trust fund to address equity is not what the Department is proposing, but housing, bridge money and transportation are. Equity of funding needs to be a big part of the work group's discussion. The Department looks at where gaps in services are and who needs to be served in those areas.

Representative Nye commented that the work group is not discussing equity for area programs, but equity for the state. We do not have enough resources to take care of the mental health needs of the citizens of the state.

Senator Allran said he would like to hear what people in area programs, in counties, in the state, and in advocate groups think of the equity issue. Representative Gray commented that he does not have enough information to make a decision without hearing from others. Representative Earle asked to get information on what other states are doing for funding. Senator Dannelly asked about utilization as well as allocation of funds.

Representative Insko suggested the work group look at how area programs make use of the money they have and asked if some are able to make better use of the money they have. Senator Dannelly suggested information be obtained from states that have a good

equitable funding program, and Representative Insko added that the states would need to be enough like North Carolina to have information that would be helpful.

Ms. Larson responded that the goal addressed in the state plan is that the funding follow the person served. The Division suggests client-specific funding. Representative Insko commented that the work group needs to hear from the Department on how the state plan proposal fits into the issue of funding equity.

Senator Allran asked that area program and county program personnel comment on proposals. Representative Insko suggested getting comments from the association that represents the entire area program. Senator Allran added that the work group could issue invitations to speak to the work group. Representative Insko said responses to the invitation could be prioritized for presentation to the work group.

Representative Insko stated that the work group should hear from the Department at the February 7 meeting, and also get information from other states. The time of the February 7 meeting was changed from 10:00 a.m. to 1:00 p.m. It will be held in Room 544.

The Committee adjourned at 12:00 noon.

_____ _____

Representative Verla Insko, Co-Chair Bonnie McNeil, Committee Assistant

_____

Senator Stephen Metcalf, Co-Chair